

WEEKLY JOURNAL-MINER

MEMBER ASSOCIATED PRESS

PIONEER PAPER OF ARIZONA.

PRESCOTT, ARIZONA, WEDNESDAY MORNING, JANUARY 6, 1909.

FORTY-FIFTH YEAR.

ARIZONA STILL LEADS THE WORLD

HER OUTPUT OF COPPER IN 1908 IS 20,000,000 POUNDS GREATER THAN LAST YEAR

Leads Michigan by 54,000,000 Lbs. Leads Montana by 30,000,000 Lbs

Reduced Estimate made up from Reports from All Her Camps by Wire Shows Her Output of Copper for 1908 to be 274,000,000 POUNDS!

COPPER OUTPUT OF ARIZONA, MONTANA AND MICHIGAN COMPARED FOR THREE YEARS

(Fitz-Mac's Report to The Journal-Miner)

MONTANA'S OUTPUT

And the Reason Why It Has Fallen So Low.

All the world knows how woefully Montana's copper industry was crippled in the panic of last year and that it made no appreciable recovery till the fifth month of 1908. Then it shot suddenly forward to about 22,000,000 pounds but in June the great flood knocked it again to about 12,000,000. I estimate Montana's output for 1908 as follows:

First 6 months 90,000,000 lbs.
Next 3 months 70,000,000 lbs.
Last 3 months 84,000,000 lbs.
Total 244,000,000 lbs.

I feel certain that estimate will more than cover every pound produced and I strongly suspect that it will prove to overlap her output for the year by nearly 14,000,000 pounds. In other words I would more confidently estimate her output at 230,000,000 pounds.

Her Present Great Output.

Beyond a question her output during the last two months has been very great—at the rate of about 340,000,000 pounds a year—and that enormous rate of production furnishes those whose minds are biased by self-interest a much-desired excuse to forget the extremely low output during the first months of the year.

But the present rate of output in Arizona is also great—appears to be fully 27,000,000 a month or 324,000,000 pounds a year—and she is not crowding the production to meet a dividend problem as Montana is, for unlike Montana, Arizona has no great dividend problem to meet. Her mines are not over-capitalized and the management is quite remarkably conservative.

But Montana has great copper mines yet (decadent of course but still great) great mills and great smelters, and as long as the price of copper holds above the cost of producing she can produce, and she is still capable of a great spurt that may again give her the leadership for a short time.

But she can't hold it as against Arizona.

That is impossible—(1) because she can't produce at as low a cost from her going mines and (2) because she hasn't the ground for expanding her operations.

She has some new ground no doubt, but Arizona's new ground is enormously greater in extent and cheaper to operate.

In seeking capital for new expansion Montana no doubt feels keenly for the first time the disadvantage of no longer being the world's leading producer. It invites attention to the fact that she is unable to produce her copper at as low a cost as Arizona.

The conditions in Montana in 1908 have been almost an exact duplicate of what they were in 1907 with the order reversed—the lean months coming first this year and the fat months last. But I think the corrected record will show a slight increase—6 to 10 million pounds perhaps. Remember it was 224 million pounds in 1907 by the government's record, while Arizona's by the same record was 255 millions.

I am convinced that I have given Montana the most favorable estimate that facts will warrant, and rather stretched than curtailed the measure.

In Montana the fierce insistency of the dividend question to maintain the price of the stocks, which are far more speculative than those of Arizona, has furnished a strong incentive—the strongest possible—to throw off the despair that overwhelmed her after the panic of 1907. Her press and people are evidently making a brave effort to forget the bitter past and base their estimates on her more recent output. Her output for the last two months has been at the rate of 340,000,000 pounds a year.

	Arizona	Mont.	Mich.
1908	274,000,000	244,000,000	220,000,000
1907	255,000,000	224,000,000	219,000,000
1906	263,000,000	295,000,000	230,000,000
Total	792,000,000	763,000,000	669,000,000

(NOTE.—The output given in round millions to avoid the danger of misprint—fractions less than half being ignored and half or more counted as a full million. Totals are thus more easily remembered.)

ARIZONA'S LEADERSHIP AND THE VITAL REASON WHY THE OUTPUT STEADILY EXPANDS.

For 1906 and 1907 the figures above are those of the U. S. Geological Survey, last revision. For 1908 they are close estimates compiled from the most reliable local sources accessible. As to the Arizona output for this year I have employed every check upon the local estimates returned to me by wire within the last few days that conservative prudence has seemed to require. Arizona's output for this year has been foolishly exaggerated in the supposedly well-informed mining news press of Boston. They have put it at 300,000,000 pounds and their estimates have been echoed in the western daily press.

No Exaggeration.

It will no doubt disappoint a great many of our Arizona people to find that I estimate our output for 1908 at so low a figure, and I have to confess that if I adopted the estimates returned to me from all the camps by wire within the last few days in answer to my inquiries I should have to make it a great deal higher. But it appears to my judgment that the best service I can do the industry on this occasion is to avoid exaggeration.

Arizona's Advantage.

There is an appreciable advantage to any mining region in being able to stand before the world as the principal producer of copper—or of any other metal. It makes it easier to enlist capital in further development and it gives the region a certain influence on the market.

People who invest their money in copper-producing enterprises naturally desire to invest in those that return the greatest profit at the least risk.

Broadly speaking the cost of producing is the measure of the risk.

We are under some disadvantage as compared with Michigan and Montana but on the whole the natural advantages favor us strongly and we are able to produce at a lower cost than either.

Arizona can sell its whole output at the present cost of producing in either Michigan or Montana and still earn a fair profit for all the capital invested. There isn't a shadow of a doubt about that.

The standard of the cost of producing is the price at which the finished (electrolytic) copper can be sold in the city of New York without loss.

Measured by that standard the output of Arizona enjoys an important advantage over either of the other two great producers.

The precise statement is this:—Arizona produces its copper at a lower average of cost than any other region in the world is at present able to produce an equal quantity.

And that is the reason in brief why Arizona leads the world in the production of copper—she has proved her ability to produce the volume at a lower average of cost than any other country in the world can produce an equal volume.

MICHIGAN'S OUTPUT

Michigan's output is estimated by Mr. Horace J. Stevens as given below in his dispatch to me at 220,000,000 pounds for the year. My own estimate for the state was 226,000,000, but Mr. Stevens (author of "The Copper Handbook") is a very high authority on copper production and he lives in the midst of the Michigan field, therefore his estimate may be accepted as safer than mine.

Houghton, Mich., Dec. 19, 1908.

Fitz-James MacCarthy,
Phoenix, Arizona:

Very rough preliminary estimate Michigan Copper production two hundred twenty million pounds.

HORACE J. STEVENS.

If Michigan were seeking capital today as a new copper region on the average tenor of her present ore output and the average cost of producing she couldn't get a dollar, as against the bid of Arizona for the same money because—

Arizona can today offer the capital a greater profit with no greater risk involved—less risk in fact.

In a lower degree the same is true of Montana where the tenor of the ore is higher than in Michigan but most other conditions decidedly less favorable.

THE TUG OF WAR COMES IN 1909.

Although Arizona has lead the world in the production of copper for two years in succession now, it may still be claimed with some show of reason that there has been the element of accident in the industrial race.

Undoubtedly there has been—the element of one contestant being prepared to meet the conditions of the weather and the track while the other was not.

That is hardly to be called accidental however. It resulted from a difference in business policies.

Montana's policy broke down under the strain—it was producing its copper at too high a cost to stand up under the drastic reduction. It has to go through a period of readjustment.

Arizona's supremacy in the copper industry rests on the unquestionable fact that she produces her output at a lower average of cost than any other country in the world is able to produce an equal quantity.

And her management is remarkably conservative. Montana is the only district in the world able to produce an equal quantity, but she can't produce it at as low a cost. That's why she fell over the breast-works in the panic of 1907 and Arizona took the race.

She was producing at too high cost.—BUT Here is an indisputable fact—Arizona has never produced as much copper in any year as Montana in her three best years, 1904-5 and 6.

And Montana is up and going again! She is producing today at the rate of 340,000,000 pounds a year.

If Montana can hold that pace through 1909 Arizona's goose is cooked as queen of the copper industry—for a while, but not for long.

Montana is still capable of a great spurt (probably) and she has a greater smelter capacity than Arizona, and in my judgment she's liable to take the lead again in 1909—if the price of copper warrants the effort.

It is true that Arizona is not working her smelter capacity to the limit even now when her output is about 27,000,000 pounds a month, but I believe the same is true of Montana.

It is not probable but it is easily possible that Montana may regain the supremacy in 1909 and even hold it through 1910. But for the long run she is no more to be counted as in the race against Arizona than Michigan is—and Michigan is out of it forever.

She hasn't the capacity to expand.

PREDICTS MORE EARTHQUAKES FOR RAZED SICILY

By Associated Press.
MESSINA, Jan. 4.—Frank Perrotti, of Brooklyn, assistant to Professor Maccucci, director of the National Observatory at Mt. Vesuvius, speaking of the disaster here says other earthquakes are inevitable, as there are flaws in the earth's crust where the slip occurred.

He predicted other shocks for today, and declares something, possibly very serious, may happen January 7 and 8, when the relative positions of the sun and moon may produce the greatest strain.

Saturday fire broke out again in the municipal building and the city records were consumed. The fire was communicated to the Bank of Italy building, where \$15,000,000 in paper money was stored. Energetic efforts of firemen and sailors saved the money, which was removed to a warehouse.

Saturday night a fresh shock occurred and a panic ensued both ashore and on shipboard. Many tottering walls fell, but there were no fatalities.

Earthquake experts agree the shocks were the result of a fault in the geological formation under Messina, which constituted the line of contact of the volcanic action between Mt. Etna and Vesuvius, and the slip that occurred was similar to that which detached Sicily from the mainland.

That subsidence occurred at some points and rising at others, was proved by soundings showing the channel harbor deeper in some places and shallower in others.

The people are very much panic-stricken and Messina will be evacuated as soon as possible.

The disposition of the dead is a problem.

Stench fills the air for miles. Vultures are preying and the task of digging out and burying the dead of Messina and Reggio has been abandoned. It would be a blessing if fire would reduce all to ashes.

CONGRESS GIVES EARTHQUAKE SUFFERERS \$800,000

By Associated Press.
WASHINGTON, Jan. 4.—In the invocation reconvening the house today, Chaplain Conden feelingly referred to the death recently of Representative Davey, of Louisiana, and the Italian earthquake.

Almost immediately after the conclusion of the prayer, a special message from the president urging the appropriation of a half million dollars relief arrived.

The resolution for relief was adopted with great applause. Another of sorrow was adopted.

As a result of the president's message, an extra \$300,000 was added.

Committee on appropriations of the senate reported a resolution in conformance with message, and was adopted, the only senator voting in the negative was Bailey. An amendment adding \$300,000 was added later.